GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:4381
ANSWERED ON:26.08.2004
ITALIAN ASSISTANCE FOR DESIGN AND CONSTRUCTION OF AIRCRAFT CARRIER
Koya Dr. P. Pookunhi;Satpathy Shri Tathagata

Will the Minister of DEFENCE be pleased to state:

(a)whether it is a fact that Government have entered into an agreement with an Italian firm Fincantieri for assistance in the design and construction of an aircraft carrier for the Indian Navy;

(b)if so, the terms and conditions thereof;

(c)the estimated cost thereof; and

(d)the names of the other contenders for the contract?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF DEFENCE (SHRI PRANAB MUKHERJEE)

(a) to (d): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 4381 FOR 26.8.2004

The Government have approved construction of an Air Defence Ship (ADS) at Cochin Shipyard Limited(CSL), Kochi. CSL, Kochi, has signed 2 contracts with M/s Fincantieri, an Italian Shipyard for undertaking design, integration, installation and commissioning of the Propulsion System for the ADS at a negotiated cost of 22 million EURO and for consultancy in detailed engineering and documentation at a negotiated cost of 6 million EURO. The contract was awarded to M/s Fincantieri, Italy on the basis of a limited global tender in which, besides the firm, the following companies participated:-

(i) M/s DCNI, France now known as M/s Armaris

(ii) M/s BAe systems, UK and

(iii) M/s Izar, Spain.

2. The main features of the contracts are:-

(a)Advance payment is linked to the firm furnishing bank guarantee for the same amount.

(b)The contracts provide for 20 stage payments.

(c)Stage payments are executed by a revolving Letter of Credit.

(d)Stage payments will be made after inspection and certification of the deliverables by the Indian Navy and CSL.

(e)Both contracts cover warranty and guarantee for 18 months after satisfactory `sea acceptance trial`.

(f)The vendor is to provide Performance bank guarantee equal to 10% of the value of the contracts.